

Message Text

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ACTION NEA-11

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
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R 251538Z MAY 78
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 9580
INFO AMEMBASSY BRUSSELS
AMEMBASSY ISLAMABAD
AMEMBASSY ROME
FAA WASHDC

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BRUSSELS FOR FAA

ROME FOR RCAA AND FAA

E.O. 11652: N/A
TAGS: EAIR, EG
SUBJ: NEW EGYPTAIR LEASE OF JET AIRCRAFT

1. G. F. STEEDMAN HINCKLEY, REPRESENTING NEW YORK-BASED UNITED AIR CARRIERS, INFORMED EMBASSY MAY 24 THAT HIS COMPANY WILL SIGN CONTRACT WITH EGYPTAIR NEXT FEW DAYS FOR WET LEASE OPERATION OF THREE DC-8'S ON REGULAR AND SPECIAL EGYPTAIR ROUTES. CONTRACT IS FOR INITIAL SIX MONTH PERIOD, RENEWABLE FOR ADDITIONAL SIX MONTHS. CONTRACT DUE TO BEGIN JUNE 1, ALTHOUGH HINCKLEY SAID BOTH SIDES ARE AWARE THERE WILL BE SOME SLIPPAGE. PLANES WHICH WILL BE USED IN EGYPTAIR CONTRACT ARE CURRENTLY UNDERGOING "HEAVY MAINTENANCE" IN NEW YORK.

2. HINCKLEY NOTED THAT UNITED AIR CARRIERS IS NOT
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REPEAT NOT CAB LICENSED CARRIER SINCE IT OPERATES COMPLETELY OFFSHORE (UNDER SEC 91 REGULATIONS). COMPANY FORMED ABOUT ONE YEAR AGO FROM PERSONNEL WHO FORMERLY WERE ASSOCIATED WITH OVERSEAS NATIONAL AIRWAYS, LOCATED AT KENNEDY AIRPORT IN NEW YORK. FIRST CONTRACT WAS FOR EIGHT MONTHS WITH PIA, JUST COMPLETED. COMPANY BECAME INTERESTED IN EGYPT WHEN THEY PRESENTED PROPOSAL TO

EGYPTAIR AT LOCKHEED URGING, FEW MONTHS AGO TO LEASE, RATHER THAN PURCHASE, L-10-11'S FOR INITIAL PHASE OF WIDEBODY ACQUISITION PLANS. LOCKHEED HOPED THAT THIS WOULD GIVE THEM LEG UP WHEN ACTUAL ACQUISITION TOOK PLACE. EASTERN AIRLINES WERE SOURCE OF 10-11'S AND WERE ANXIOUS TO PUT IDLE CAPACITY TO USE. IN PROCESS WORKING THROUGH DATA GIVEN BY EGYPTAIR, BOTH THEY AND AIRLINE RECOGNIZED NEED FOR DC-8'S. HINCKLEY EXPLAINED THAT RELATIVELY OLD NON-FAN JETS OF DC-8 TYPE ARE STILL ECONOMIC FROM OWNERSHIP-COST STANDPOINT, EVEN THOUGH FUEL COSTS ARE SOMEWHAT HIGHER THAN ON NEWER TECHNOLOGY.

3. INITIALLY UNITED AIR CARRIERS' DC-8'S WILL OPERATE ON SAUDI ARABIA, MUSCAT AND SANA ROUTES FOR EGYPTAIR TO HANDLE USUAL HEAVY SUMMER TEACHER/TECHNICIAN HOME LEAVE TRAFFIC. LATER THEY WILL PROBABLY BE USED TO SUPPORT REESTABLISHMENT OF THE FIVE ROUTES TO SYRIA, ALGERIA, LIBYA, IRAG AND LEBANON WHICH WERE SUSPENDED AFTER NOVEMBER, 1977 JERUSALEM TRIP BY PRESIDENT SADAT. CURRENT UNITED PLANS CALL FOR AT LEAST ONE TRIP PER WEEK TO EUROPE FOR SHOP MAINTENANCE.

4. UNITED WILL STATION FLIGHT CREWS, MAINTENANCE PERSONNEL AS WELL AS CABIN CREWS IN CAIRO. THEY WILL TRAIN FLIGHT ATTENDANTS TO TAKE OVER FROM INITIAL AMERICAN STEWARDESSES, BUT DO NOT ENVISION TRAINING FOR FLIGHT CREWS. PLANES LIMITED OFFICIAL USE

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WILL REMAIN UNDER U. S. REGISTRY. HINCKLEY PROMISED THAT PROJECT MANAGER WILL CALL EMBASSY SOON AFTER ARRIVAL TO BE SURE THAT THIRTY-ODD AMERICANS THEY PLAN STATION HERE ARE PROPERLY REGISTERED AND THAT WE ARE KEPT INFORMED ON PROGRESS OF CONTRACT.

5. COMMENT: WE ASKED HINCKLEY ABOUT EGYPTAIR'S CREDIT-WORTHINESS TO PERFORM UNDER CONTRACT. ACCORDING INFORMATION PROVIDED UNITED BY LOCAL A-300 LEASE PROJECT MANAGER, EGYPTAIR HAS EXCELLENT PAYMENT RECORD WITH THEM. UNITED ANTICIPATES NO PROBLEMS. WOULD APPRECIATE ANY INFORMATION EMBASSY ISLAMABAD CAN READILY PROVIDE REGARDING EXPERIENCE WITH UNITED AIR SERVICES UNDER PIA CONTRACT. MATTHEWS

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